

**TOWN OF WALLINGFORD, CONNECTICUT
SPECIAL TOWN COUNCIL MEETING
Wednesday, May 7, 2020
6:30pm**

**Public Hearing via GoToMeeting
FY 2020-2021 Budget**

RECORD OF VOTES AND MINUTES

The meeting was called to order at 6:30 P.M. Chairman Cervoni provided instructions and explained how the virtual meeting would happen.

1. Moment of Silence

2. Pledge of Allegiance and Roll Call

The following Councilors were in attendance: Craig Fishbein, Thomas Laffin, Joseph Marrone, Gina Morgenstein, Christopher Shortell; Christina Tatta, Jason Zandri and Chairman Vincent Cervoni. Councilor Vincent F. Testa, Jr., was absent. Others in attendance were: Mayor Dickenson; Jim Bowes, Comptroller and Barbara Thompson, Town Clerk.

PUBLIC UTILITIES COMMISSION

Chairman Cervoni clarified that this is the board itself and invited Council members to ask questions.

Councilor Tatta asked Mr. Hendershot if the Commission has seen any savings during the pandemic and if the Commission were asked to save 1% of next year's budget, asked Mr. Hendershot to explain what area he would take that from. Mr. Hendershot replied that the only budget items in the Commission are the stipends and the meeting fees for each of the three commissioners, some expenses for the Chairman, his salary, his secretary's salary and the anticipated cost of the recording secretary. Councilor Tatta clarified that she thought there might have been a change in the benefits after the Mayor's budget came out and that some of the insurance costs might have gone down. Mr. Hendershot replied that he thought benefits for he and the secretary came out of the operating divisions.

Chairman Cervoni opened the meeting to public questions. None were submitted.

ELECTRIC DIVISION

Chairman Cervoni introduced Tony Buccheri, Director. Mr. Buccheri stated that revenues included in the 2020/2021 budget are based on Energy New England's, which is the Division's wholesale power procurement agent's projected 2020-2021 wholesale power purchases by the Electric Division reduced by 2.7% to account for system losses. The resulting projected retail sales are then applied to the Division's 2020-2021 retail rates to produce projected annual retail revenue for fiscal year 2020/2021. This budget reflects no increases in personnel. All IBEW clerical and production wages are unchanged for this budget. The Collective Bargaining Agreements with production unit will expire on August 31, 2020 and the Collective Bargaining Agreements with clerical will expire June 30, 2020. No wage increases are included in these budgets except for contractual step increases for certain newer employees. Additionally, the Town's Collective Bargaining Agreement with managers union will expire on December 31, 2020. For operating and maintenance accounts, operating expenses including power supply costs are budgeted to increase by 0.44% or \$78,977. The 2019/2020 budget includes amounts necessary to cover retroactive pay as a result of labor contracts, therefore several accounts in the 2020/2021 budget will reflect a

decrease in labor dollars. For capital accounts the entire proposed capital budget \$3,823,795 is 2.52% or \$98,990 less than the 2019/2020 capital budget of \$3,922,785. The proposed 2020/2021 capital budget compares favorably to the 2020/2021 budgeted depreciation expense of \$3,586,335.

Councilor Fishbein asked for clarification that line 909 on page 69, the Conservation line, is an expense line. Mr. Buccheri confirmed. Councilor Fischbein stated that this is a line of concern because rate payers pay into this, and he doesn't know that the money that's being paid is actually being used. Looking at the trend on that line, specifically the second column, it indicates 7 months of expenditures. If that was amortized over a year, we'd end up with about 1.175, whereas last year, what was approved for the entire year was 1.9. He asked Mr. Buccheri to explain the disparity. Mr. Hendershot explained that a lot of the expenditures are project driven and if customers don't bring projects forward, there is no incentive payment to make in support of those projects. Additionally, we've suspended for several weeks the Home Energy Savings Program to discourage contractors from visiting customer's homes during the pandemic. Counselor Fischbein stated that the numbers he is looking at are booked as of January 31st. He asked for confirmation that the only reflection of the decrease is lack of utilization by ratepayers. Mr. Hendershot concurred. Counselor Fishbein asked if the amount we charge the ratepayers is fixed or variable. Mr. Hendershot replied that it's a quarter of a cent for every kilowatt hour. He clarified that the State legislature determines that fee. Counselor Fishbein asked what happens if the money is not utilized. Mr. Hendershot replied that they stay in our retained earnings. They are partitioned off. He pointed out line note 909 a change from the original 19/20 appropriation to the total appropriation as of 1-31-20. It went up about \$400,000 from \$1,593,905 to \$1,901,039. That was the result of a budget amendment to move unspent monies from retained earnings into the budget so they would be available if the need arose. That's an example of the sort of thing that happens. Most years the programs don't quite spend everything that's collected which is good because there's no other source of funds for this. Counselor Fishbein asked for confirmation that it's the utilization of retained earnings that the Commission has used over the last few years to try and stabilize electric grids. Mr. Hendershot replied that different dollars inside those retained earnings, but yes. He added that we can't use Energy Efficiency money for anything other than energy efficiency. Counselor Fishbein asked what the money was used for when they took the retained earnings from the Conservation line. Mr. Hendershot replied that those dollars go into retained earnings if they are not spent during the fiscal year. He continued that they will have to go to Council next year and request an appropriation from the retained earnings portion to be transferred into the current fiscal year. That's what the appropriation on 1-31-20 that brought it from the \$1.593 to \$1.901. That's something that we'll plan to do on an annual basis so that whatever is unspent, and goes into retained earnings, gets shifted into the current fiscal year for use on energy efficiency projects. It goes into retained earnings in a special bucket for energy efficiency so is not mixed with other money. Counselor Fishbein asked what programs are available to ratepayers. Is it just the home energy program for residential ratepayers, where someone comes in and tries to make their home more energy efficient. Mr. Hendershot indicated there is also a prescriptive air conditioning program; an appliance program for heat pump water heaters and an effort that reduced the cost LED bulbs. He explained that they work with a vendor that works with the stores and was able to inject funds into the supply chain allowing stores to sell the bulbs for less. Counselor Fishbein asked how he was assured that the end user is getting the lower price. Mr. Hendershot replied that there is a separate company that monitors the program and there is a fee schedule that is set that determines the cost of the bulbs. He noted that he may have overstated this a bit because the program is surprisingly expensive at the big box stores and it was swamping our program a few years ago so we elected to stop participating at the big box stores, but it is still available at Walmart and other stores. Counselor Fishbein asked about programs for commercial ratepayers. Mr. Hendershot replied that Commercial is very project driven. We have a very robust lighting retrofit program, where businesses

work with a contractor to replace their lights. That's where the bulk of the commercial monies get spent. They also work with customers that want to propose more sophisticated and extensive equipment change outs, like manufacturing equipment and air compressors. We will monetize that difference in cost between the low efficiency and high efficiency equipment. That becomes the value of the project and then work on the Energy savings realized by that higher efficiency equipment. Counselor Fishbein asked if those monies are available to the Town for conservation projects. Mr. Hendershot confirmed. Counselor Fischbein asked if anyone approached the Electric Division about using some of these funds on a project for the water filtration issues at the community pool. Mr. Hendershot was not aware of a request, but he could ask the Energy Efficiency Specialist and get back to the Council. He noted that the project would need to be specified in a bid. All they could respond to would be the choice of equipment among alternatives and an incentive payment determined.

Counselor Tatta asked for an explanation of line 419 on page 70. The interest income was originally at \$388,000 and then it dropped to \$277,000. Tom Sullivan from Electric Division responded that that was on advice from the Comptroller's office when they revisited the rate of return on investments.

Chairman Cervoni noted that Mr. Buccheri has received questions from Adelheid Koepfer. Mr. Buccheri proceeded to read and respond to those questions. Question: on page 67, lines 440, 442 and 445 reflecting a general decrease in usage (before 2-2020) for better efficiency or changes in usage patterns due to current stay at home order. His response was that it was a lower wholesale cost of about half a percent and less energy sales projection plus the acknowledgement of one day less due to leap year and 19/20. Mr. Hendershot added that those lines reflect lower revenue dollars to be collected due to the fall in wholesale power prices. Question: on page 67 line 445, is public authority all municipal users including Schools, Public Works (\$853,000), Parks and Rec, Senior Center, etc and how much could be saved with more energy efficiency upgrades over all municipal buildings. Mr. Buccheri's response was Yes, it is all the municipal users. As far as what can be saved, projects would have to be proposed and analyzed for payback periods and for application of available funds. Mr. Hendershot added that the \$853,000 must be what Public Works has budgeted for electricity. He noted that Public Works pays the street light bill for the town. Street light costs have been coming down the last few years as LED replacements are made. Question: on page 67 line 454. Please remind me which electric property is referred to for rent revenue of \$132,000. He replied that the \$132,000 is what they collect for pole attachment agreements. Question: on page 67, line 456. Please explain phase out. Does this refer to revenue from former shares in power generation. He replied that that is for engineering studies for pole attachers. That's dollars that we get paid for conducting studies for others to attach equipment to our poles. Question: page 68, line 555. Is falling expense in 2020/2021 due to decrease in usage or to falling purchasing costs for electricity or what else. Mr. Buccheri replied it's lower wholesale power costs and a small amount of sales decrease, about 1/2 percent down. Question: page 68, line 570. Please explain the increase. He replied that the increase is mainly due to our have eight 115,000 volt KV SS6 breakers in our substations, (6 at the East Street substation, 1 in North Wallingford and 1 at Colony) that are all due for refurbishment. This line also includes some foundation repairs on the North Wallingford substation structural piers. Question: 68, lines 583, 584, 593, 594. Please explain why underground lines (much fewer lines to my knowledge) incur almost triple the operating expense of overhead lines while at the same time only 6% of the maintenance cost of overhead lines. He replied that the dollars in those budgets for underground include the distribution technician as well as the call-before-you-dig program overtime and overhead hours. In 593 & 594 include tree trimming, maintenance and also all the pole shifts that we do, anytime we set new poles. Poles are a capital asset but shifting an existing wire or transformer is a maintenance cost. The maintenance costs are captured in those buckets. Question: page 68 line 904, please explain triple and

uncollectable accounts in 2019 and 2020. He replied that the \$220,000 in average amount of uncollectables over the course of several years, the earlier year was an extraordinarily low year. We often see that we budget for a certain amount and because we have to write it off in that particular year but in later years we may get it back through a bankruptcy, but it gets applied to the previous year. So those dollars change. Question: page 69, lines 920 and 926. Is there any chance to renegotiate or revisit health insurance premiums (Board of Ed received different rates during the process). He replied for line 920 those are negotiated wages through contracts. There are personnel vacancies reflected in the actuals making it appear lower. For 926 that does reflect the adjusted health care premiums and introduction of HSA plans for a couple of collective bargaining agreements. Question: page 69 line 923, please explain what kind of outside services are bought for the \$1.1million. He replied that this is mostly proportionate charges for services that the Division receives from the Town, including HR services, law and finance which makes up about \$846,000. Also includes money for the audit, some legal expenses and some consulting services. Question: page 69 line 408. I was under the impression that WED does not pay property taxes but instead transfers to the general fund roughly \$1.8million. Please specify what taxes are listed here in the \$2.285million. He replied that that's gross earnings tax paid to the State of CT, as well as taxes paid to North Branford for our poles, wires, and assets in that town. Mr. Hendershot added customers in North Branford pay a slightly higher purchase power cost adjustment by which the division collects the property taxes that we have to remit to North Branford. Question page 69 line 909, Please explain the additional \$400,000 adjustment on January 31, 2020. What funds and what programs. Mr. Buccheri replied it was an appropriation from retained earnings of dollars unspent in previous years that are made available in this year's budget. Question: page 70 line 419. Please explain the mayor's decrease. Where is this interest dividend and coming from. He replied this was a lower interest rate on cash that was provided by the comptroller. Question: page 70 lines 411 and 411. Please explain the \$15,000 gain and the \$60,000 loss disposition of utilities plan. He replied that the gain was when we get rid of material for reconditioning or scrapping old transformers. We get scrap value for that from a vendor. The losses are in a separate line under 411. A majority of that is loss on meters and lights that are not fully depreciated. Question: page 70 line 421. Please explain the \$4 million drop in miscellaneous nonamperating revenue between FY 18/19 and FY 19/20. He replied that was the CMAC settlement money of \$3.67 million which was in the FY 18/19 actuals. Question: page 70 line 418. Which rentals are referred to in this case, the \$1.5 million He replied that's for the Pearce facility and also Wallingford Energy rental income. Question: Page 71, is retained earnings about the same as the Board of Ed on encumbered funds of 2% funds. Please explain appropriation retained earnings drop between 19/20. What does that indicate going forward related to five year capital plan. He replied that's just dollars collected and not spent and per CT state statute, we are required to earn between 5 and 8% on our investments for ROI. This occurs on an annual basis. Question: page 71, lines 362, 364, 390, 368, 392. Please explain the increase from 19/20 to 20/21. He replied for line 362, which had a decrease due to capital carry forward funds that were available. For line 364, had a decrease due to capital carry forward funds that were available. For line 390 there was an increase for phase 1 of renovations to the 100 John Street building, which will potentially be allocated to a new roof. For line 368 is for transformer purchases. Line 392 increase is for transportation equipment for a line truck. Last year was slightly less because we didn't purchase a full size line truck. We purchased a smaller truck to get around in our substation yards. Question: page 71/72 line 364. It seems like poles and fixtures are quite a costly item. Can we revisit comparison between overhead and underground operation and maintenance, in context of the walkability study. It was stated that underground is much more expensive. He replied those dollars are for pole replacements which are replaced as they age out or break. These are funded every year and we replace them with cash, we never take out any debt. In order to underground large portions of the Town it would require taking out debt and tens of millions of dollars to do anything significant. The overhead construction is easier to troubleshoot

and easier to repair. There is a huge up front expense to putting everything underground. When there's an outage, even though less frequent, it would take much longer to fault locate and repair. Thus would be more costly.

Counselor Morganstein asked about earlier in the presentation when Mr. Buccheri mentioned a cost that had gone down due to the pandemic. She asked what the percentage was. Mr. Hendershot replied that they project their wholesale power costs in the upcoming fiscal year to go down in part because of a half percent projected decrease in sales volume largely due to the fact that the upcoming year has one less day in it. The wholesale power costs are forecasted to go down in the coming year because of lower known market costs at the independent system operator and anticipated continued low energy costs due to low prices of natural gas. Counselor Morganstein asked for verification that the amount that she missed earlier was the half percent. Mr. Hendershot explained that that percentage is in unit sales. And the dollars would flow from that to a certain extent. Most of the reduction is due to lower costs for wholesale power, which will be reflected in a lower power cost adjustment on customer's bills. Counselor Morganstein stated that for years we've been replacing burned out fixtures with LED lights and seeing savings. Does there come a point where the savings make it worth the manpower to just replace the remaining ones. Mr. Hendershot replied that the replacement is a cost to the Division but is a savings to Town Government. Town Government is our customer. The Division runs as an independent business. He stated that there's never an economic point at which it makes sense for the Division to accelerate its efforts to replace functioning high pressure sodium lights with LED bulbs. This would be a policy matter not an economic one.

WATER DIVISION

Neil Awake, General Manager, thanked Water Division and Business Office staff who do the heavy lifting for this budget preparation, specifically William Phelan, Larry Regan, and the Water Division leadership. He began with revenue. Billed consumption continues on a downward trend. Metered sales for FY21 were computed to be a straight line regression based on the previous 10 fiscal years forecasted forward to FY21. Water rate remains unchanged since June 1, 2015 at \$4.09 per CCF (100 cubic feet). For FY21 the Water Division proposes utilizing \$947,277 from retained earnings cash for rate stabilization. For operating expenses for the Water unit, labor rates for FY21 are compared to labor rates FY18 since the collective bargaining agreement was not settled until June 13, 2019. Thus the labor rate increases shown in the budget are for three years. As Mr. Buccheri mentioned the labor rates for managers are current, though will expire at the end of this calendar year. Mr. Amwake highlighted three line items for capital projects on the expense side. Line 332, Water Treatment Equipment, includes proposed funding of \$615,000 for scada upgrade and replacement at the Pistapaug Water Treatment Plant. The Division presented to both the Public Utilities Commission and Town Council for a bid waiver. The current scada equipment at that plant is original to the plant construction, circa 1992/1993. Another capital project is line 342 which proposed funding of \$675,000 for exterior and interior painting of the larger Masonic water storage tank and the funding of \$62,000 for roof painting of the west side tank. Because we do have two large capital projects for FY21 no water main replacement contracts are planned. Instead we'll be focusing on the installation of the upgraded scada system and the painting of our storage tanks.

Counselor Fishbein asked about an entry on page 77 line 396, at the bottom. What is that and why wasn't that able to be affected in a prior year. William Phelan, office manager, responded that that item is an appropriation for a backhoe the Water Division had planned on purchasing. He reported that they went out to bid a number of times but the purchase was delayed due to issues with the bids. They are still reviewing bids as of this week. It was put in next year's budget because they don't expect to have a

purchase order in place by the end of the fiscal year. If there is no purchase order in this Fiscal Year the money would be reappropriated back to retained earnings. Counselor Fishbein asked why the money doesn't revert back to the general fund. Mr. Phelan confirmed it would go back to retained earnings and we would have no appropriation available to purchase a backhoe in the following Fiscal Year. Counselor Fishbein asked where we are on phosphorous. Mr. Amwake replied that he'd like to wait to discuss that under the Sewer Division.

Mr. Amwake proceeded to read and respond to questions submitted by Adelheid Koepfer. Question 1: page 73, line 461, while revenue from year sales seems to have stayed about the same for FY18/19 to January 31, 2020, it dropped considerably within the last 4 months. Is decrease due to loss of customers before February 2020 or higher efficiency per current stay home order. He replied that water sales traditionally are at the lowest during the winter months. Remember that the Water and Sewer Divisions bill quarterly so there is a lag between actual use, water production and sales and use collections. We have seen a slight decrease in water production due to the stay home stay safe order but do not have a full picture of the impact at this time. Question 2: page 73, line 472, please explain decrease 18-10. He replied that T-Mobile did not renew their lease for occupancy for one of the water storage tanks as of August 2019 resulting in an approximate revenue loss of \$46,000 per year. Also the lease for the Young's apple orchard tower was executed with a new lease effective September 2019 for a decrease of approximately \$35,000 per year. Please note that the Police and Fire Departments new radio system occupies the Young's apple orchard tower at a favorable rate of \$1 per year. Question 3: page 73 line 602. Please explain increase in purchase. If due to low reservoir levels, will that trend continue. Mr. Amwake replied please refer to the Actual columns. There has not been an actual increase in purchase of water. This line item is a conservative estimate for the purchase of water from the Meriden Water Company which supplies properties in the South Broad Street service area (Kohl's plaza). These properties are located in Wallingford but can only be served hydraulically from the Meriden public water distribution system. This line item does not refer to or relate to reservoir levels. Question 4: page 73, line 623. Please explain increase 18-20. He replied the line item is based on a 5 year rolling average for electrical pumping costs specifically for the raw water pump stations in the Pistapaug Water treatment plant. The actual yearly electrical needs depends on the precipitation and drought conditions cognizant of water demand and the Division's water management approach with regard to effective empowerment for each of the reservoirs. Question 5: page 74, line 642. Please explain increase 18020. He replied the increase is due to labor rate increases since the prior budget did not reflect wage increases as the previous water usage contract expired June 30, 2018, FY 17-18 and was not settled until June 13, 2019. Additionally the previous management unit prior collective bargaining agreement expired on December 31, 2017 (FY 17-18) and was not settled until April 2, 2019. Thus this line item captures multiple years of wage and salary increases. Question 6: page 64, line 665. Please explain increase 18-20, more than double for miscellaneous. He replied, this was due to a reallocation of engineering section labor and benefits expenses based on a projection of future work and staff assignments. Question 7: page 74, line 920 and 926. Any chance to renegotiate or revisit health insurance premiums (Board of Ed received different rates during process). He replied this is a matter between the Town Human Resources Department and the various collective bargaining agreements. The health premiums are provided to the Water and Sewer Division's business office by the Human Resources Department during the budget preparation process. Please note that both the Water unit and the Management unit have adopted a high deductible health savings account with the union for the sewer operations currently in arbitration with the Town. Question 8: page 74, line 923. Any chance the outside services could be done in house. He replied \$236,185 or 87.85% of this account is attributable to Town proportionate charges. The portion of Town Hall functions that the Water Division, and similarly the Sewer Division, pays for the Department of Law, Human

Resources, Purchasing, etc. as well as data processing support and meter reading conducted by the Electric Division plus audit and arbitration fees. Question 9: page 74 and 75. Total operating expense increase between FY 19 and 3-31-20 at about \$1 million. Major cost increases being 623 power purchase pumping \$100,000; 642 operation labor and expense \$130,000; 665 miscellaneous \$70,000; 677 hydrants; page 75, 419 interest and dividends \$100,000. Together with decreased revenue from metered sale and overall change from net income \$817,942 to net loss, \$700,000 seems to be a major concern ahead of the phosphorus upgrade. Please explain and comment. He replied the citizen is incorrectly comingling the Water Division net income with tertiary phosphorus expenses which are captured in the Sewer budget. There is a bright line between the Water Division and the Sewer Division with two separate chart of accounts or ledgers. The two divisions are two distinct businesses with separate financial records as well as rules and regulations. Further it is inaccurate to compare any FY 18-19 actual audited budget numbers to proposed FY 20/21 budget numbers. We cannot predict personnel vacancies, capital cost changes or favorable and unfavorable variances between budgeted revenues and expenses to actual costs incurred during the upcoming fiscal year. Question 10: page 75 line 419. Please explain Mayor's decrease in interest dividend income. Where is this interest dividend coming from. He replied during the budget process between the department request and PUC approval and the Mayoral approval stages the treasury rates plummeted. This line item is for investment of cash reserves plus any cash above minimum reserves. This is based on the impact on financial markets due to the COVID-19 pandemic.

Chairman Cervoni noted that there was a question for PUC at the end of Mr. Koepfer's email. He asked Mr. Hendershot if he had already answered that question. Mr. Hendershot read that question. Question: page 62, account 51000. Please explain why the PUC three members (one management, two staff) regular salaries and wages is at \$278, 771 compared to Town Council with nine members and one staff at \$50,500 page 13 line 51000. He replied that he can't comment on the Town Council budget, but that number for the PUC budget includes Mr. Hendershot's salary, and the full time salary of an executive secretary as well as the costs for the three commissioners. There is not a department head type person associated with Town Council. Chairman Cervoni concurred. The Town Council salary line is just the nine counselor's salaries which is somewhere in the \$6,000 plus range.

SEWER DIVISION

Mr. Amwake presented the Division revenue with meter sales based on a 10 year straight line regression equation forecasted forward to FY 20/21. The consumption sewer rate as of October 1, 2020 (although for budgetary purposes it was included as a July 1 start) is projected to be \$5.64 per CCF or 100 cubic feet. The basic service fee across all meter sizes is projected to increase 7.43% as the Sewer Division refines the basic service fee cost allocation and implements allocation of the base service fee based on American Water Works factors versus the current purchase cost for each meter. For the Sewer Division budget we propose to utilize \$311,968 from retained earnings or cash for rate stabilization. He highlighted the following operating expenses. Account 652 has an increase of \$122,300. This budget includes \$5,500 for two belt filter presses, \$8,000 for screening compactor parts and \$12,000 for bar screen parts and the proposed budget also includes funding for 3 RBC drives for \$90,000, plus 14 RBC bearings at \$50,000, \$50,000 for two RBC shafts and a modest decrease of \$5,000 for UV equipment. Highlighting another operating expense, line 673 a decrease of \$140,579 or 13.46 cents which is a decrease in labor benefits for labor allocated to this line item based on a review of actual time for prior years and projections for FY 20/21; a decrease of \$16,000 for flow tote maintenance; a decrease of \$50,000 for inflow and infiltration reimbursements based on historical reimbursements and a decrease of \$30,000 for lateral sealing as the Sewer Division focuses on private sanitary sewers and manhole repairs for the upcoming fiscal year. A projected decrease of \$211,200 or 48.42% decrease for regulatory commission expenses. This is due to a

decrease in the cost to purchase nitrogen credits due to calendar year 2019 nitrogen effluent limits. For calendar 18 the average daily nitrogen discharge was 529 lbs per day while for calendar year 19 it was 413 lbs per day. This line items assumes that the cost per nitrogen credit remains unchanged at \$7.07.

Counselor Fishbein asked where we are on the phosphorus in general. Mr. Amwake replied that we started primary construction in September 2019. He provides monthly updates to the PUC. Looking at the site, the concrete is in for the anerobic basin and the backfill process is going on now. In addition the sheeting on the West and Northern and Eastern sides is being removed. The concrete has been poured and the forms removed for the intermediate pumping station. For the tertiary phosphorus building, concrete is being poured for the exterior walls. That is actually a two story building. The lower level is actually below grade. We are also currently working on the UV and post eration building. The floor slabs for that are in and the majority of the exterior walls are in. We are still looking at a late winter 2021 or early spring 2022 to be up and running. For the new tertiary phosphorus effluent requirements we need to be up and running April 1, 2022. Counselor Fishbein asked where in the budget the expenditures for that project are reflected. Mr. Phelan replied that the Council had approved a \$60 million funding ordinance which was allocated to this phosphorus project. It is not a budgeted item, it is a funding ordinance. Once the project is completed the loan obligations and the grant funding will be booked in the actual capital and operating budgets of the Sewer Division. So you do not see an expenditure in the operating or capital budgets of Sewer Division. Counselor Fishbein asked where one would find those numbers. Mr. Phelan replied he could provide those numbers to Council on a monthly basis. He already provides them on a quarterly basis to the PUC. Counselor Fishbein asked if there was any aspect of the project reflected in the budget. Mr. Phelan replied that it is a major component of the Sewer Budget in account 427 on page 80. The interest expense that is appropriated for FY 20/21 goes to \$366,900 from a previous year of \$11,300. This is our estimate because we don't know how much the State of CT or the percent of completion is going to be for this project by June 30, 2021. This is an estimate of what the loan value at 2% will be that the town will incur for the next fiscal year. We estimated that at \$358,000. Counselor Fishbein clarified that Town would incur or the Sewer Division would incur. Mr. Phelan replied the Sewer Division. Counselor Fishbein asked about page 81 the line for the reserve for INI, under use of funds. INI is inflow and infiltration. He asked if this is the program that was started to incentivize homeowners and commercial that had illegal hookups that we would pay a portion of correcting that. Mr. Phelan concurred. Counselor Fishbein asked if this is the line that reflects the reserve for people to utilize. Mr. Phelan replied that there are two lines on that page. One called the Reimbursement program (\$125,000) which is the reimbursement to customers who repair that type of INI problem. The other \$177,800 of the INI reserve expense is for hiring an individual to administer this program and includes his benefits and any other ancillary expenses such as mailings, etc. that are part of the administration of this program. That appears on the Inspector/Laterals/manhole line. Mr. Phelan added that they are in the process of lining various service connections for our customers which is approximately \$50,000 out of that line. Counselor Fishbein asked if this inspector position was a new position. Mr. Phelan replied that the position has been in the Division for the last three years. Counselor Fishbein asked about the reimbursement line in conjunction with the reserve for INI line. He asked if these were both the program. Mr. Phelan concurred. Counselor Fishbein asked if the reimbursement program is the money that actually goes out to homeowners. Mr. Phelan concurred. Counselor Fishbein asked what the difference is between that and the reserve line. Mr. Phelan replied that in the past, every year the Sewer Division has appropriated from their revenues, \$350,000 to this reserve. This can be seen in FY 19/20 budget. So since there is a substantial reserve in the INI account and until we start distributing this reserve, we are not going continued to appropriate \$350,000 to the reserve. This year it will only be \$50,000. The current reserve balance at 6/30/19 was over \$2 million. The Division thought it was inappropriate to appropriate another \$350,000

to that reserve when we are only spending \$310,000 in a budget. We know that there are major INI issues that we have not fully addressed at this point. We thought it was inappropriate to continue building the reserve at that level. They will now use the source of funds (approx. \$300,000 each year) until they can draw the reserve down to a point where we need more money. Counselor Fishbein asked regarding the reserve for INI line why does \$350,000 appear in the first column, which is usually indicative of expenditure. He explained that the first column shows that in FY ending 6/30/19 there was \$350,000 expended. Mr. Phelan stated that that is correct. He further explained that the budget for FY 18/19 had an approved appropriation of \$350,000 to that reserve. Counselor Fishbein indicated that it may be the fault of the way the budget is presented. He asked for confirmation that that money didn't go out to reimburse people, but that's what was set aside. Mr. Phelan stated that is correct. There is \$2 million in reserve to allocate for future INI improvements. Counselor Fishbein asked for fiscal year ending 6/30/2019, how much was spent from the reserve that was set aside for INI. He rephrased, for Fiscal year ending 6/30/19, how much money was spent for INI reimbursement. Mr. Phelan replied to find that number, look above in the same column, 18/19 and you will see the appropriate from the INI reserve of \$132,769 for the inspector and the laterals, and \$39,000 for actual reimbursements to customers. Counselor Fishbein accepted that explanation and noted that the page is set up differently with the upper section expenditures and the lower section reserves. Taking that a step further, he asked why this budget isn't treated in the same manner as the Water Department's backhoe example, reverting to retained earnings at the end of the year. Mr. Phelan replied that the PUC has adopted a policy particularly for this reserve. The policy says any new customer (water or sewer) or customer that increases the number of meters or size of their meter will have to pay a connection charge because their use of the system increases. The Sewer Division feels that it is appropriate for customers that come into our system to reimburse existing customers that have already paid for these plants, to pay their fair share of the cost of these plants. Counselor Fishbein gave the example that last year \$350,000 was appropriated and only 10% of it was used. Mr. Phelan corrected him. Last year \$170,000 was used. Counselor Fishbein continued, that whatever is left over, in this case about \$200,000, why doesn't that revert to retained earnings at the end of the year, instead of accumulating the \$2 million. Mr. Phelan explained that the policy set by the PUC says any connection charges received by the Water or Sewer Division are to remain in this reserve. Mr. Amwake added that account number 396 which is vehicles, is a capital account that does not automatically roll forward. So if it is not spent, then have to ask for special permission to roll it forward. The \$350,000 is a reserve lock box set up for the INI. The \$350,000 per year is generated directly from the basic service fee that all Sewer Division customers pay. A portion of the basic service fee funds that \$350,000. It is a lock box account. Counselor Fishbein asked for clarification that the lock box account, means that it can't be moved out for any other purpose than the INI. Mr. Amwake and Mr. Phelan confirmed. Mr. Amwake stated that \$350,000 was the actual for FY ending June 30, 2019. He noted the second column shows for FY ending 1/31/20 the actual is 7/12ths of \$350,000. So each month they fund one quarter of the reserve. Mr. Amwake continued, \$350,000 goes straight to the basic service fee that every customer pays based on their meter size. We have approximately \$2.1 million in this lock box reserve. The Sewer Division recognizes that we are funding this account at a faster pace than we are spending it. We have a very robust INI system. Because this goes directly to the basic service fee, with a rate increase proposed, to pay for the phosphorus upgrades at the water treatment plant, we mitigated some of that increase for both the CCF and the basic service fee by lowering this by \$300,000. If you assume all 13,500 customers are the same meter size, that goes directly to a savings of a basic service fee for the upcoming fiscal year. Counselor Fishbein asked why even fund it at \$50,000. Mr. Amwake replied that they are starting to look at some larger projects and did not want to remove it completely. The \$350,000 annually was agreed to when the INI program was initiated in 2015.

YOUTH & SOCIAL SERVICES

Craig Turner, Director, following the guidelines provided by the Mayor there are no significant increases in any of the programming side of the budget. The one thing that is different is in the top part under the staffing page. We removed one part time person and added one hourly bargaining in an effort to create a position that would focus most of the time and effort on a community wide effort to reduce substance abuse and to educate the general public on the issues related to substance abuse. The title is Prevention Coordinator. They are looking to have someone in that position by half way through the fiscal year. Most of the money for wages will come from the salary for the currently existing part time position. Overall, given the conditions due to COVID-19, we are hopeful we can find additional resources for assisting people through FEMA which we are looking at and a few other sources beyond the town budget to assist people at least through the summer and fall if not beyond.

Counselor Shortell noted that this crisis hit when the budget was already developed. Does the uncertainty with the pandemic affect fall programming or is it too soon to tell. Mr. Turner replied that they know their programming will be impacted, just not how. If large group activities are still off the table, they would have to look at formatting programs differently. In cases where the events are not happening, we will not expend those dollars to the extent that we have in the past. One example is Project Graduation. Now that we know that event is not happening, we have to reconfigure what we may do in terms of recognizing the youth. He suspects that anything they would normally do in the fall would be impacted to some extent. Mr. Turner mentioned a new initiative that started in January and February with a number of other organizations in town. This is kind of a heads up that we hope Council will participate. Partners so far include the library, Wallingford Center Inc, Coalition for Better Wallingford, the Senior Center, the Health Department, schools within the Department of Education, Spanish Community of Wallingford and the United Way of Meriden/Wallingford. They are looking to respond quite distinctly and purposefully to the COVID issue with optimism. He has provided the Mayor nine copies of a book called Life is Good. He will get a copy to each Counselor. It's a community-wide focus on developing optimism through the use of what are known as super powers. This is a pre-existing program that comes out of the Life is Good Foundation, which is part of the Life is Good Company. We are actually going to be and have a partnership with their Foundation to become the first Life is Good branded Town in the Country. More information will be rolled out. This is an exciting initiative and will be very good for the Town. He thanked Councilman Fishbein and more particularly Representative Fishbein for providing daily COVID-19 updates on executive orders and information from the Governor's office. That information has been invaluable to his department to get out to the public with timely, accurate, succinct, clear and concise information. It has alleviated a lot of anxiety for people in the community. It has had a positive impact on the people we work with.

PARKS & RECREATION

Kenny Michaels, Director, and Michelle Bjorkman, Superintendent of Recreation presented. Mr. Michaels stated that the Parks & Recreation department is an essential quality of life service group for the Town of Wallingford. The team strives to promote dynamic programs along with attractive public spaces. They look to cultivate inclusion, wellness and vitality through the community. They offer healthy and fun for all recreation including sports and leisure choices as well as planning and developing outdoor natural resources and provide opportunities cultural, creative expressions and growth for the members of our community. The team is happy and proud to propose our 2020/2021 budget which reflects a decrease of 11.92% over FY 19/20. A good portion of that decrease is the removal of the lifeguard staff and supervisors with anticipation on some direction on where that project is going to end.

Counselor Tatta thanked them for their work and the enjoyable programs and great instructors. She asked about the playground instructors line, under personnel detail. It looks like that went up in this year's budget. She asked what they are and why the increase. Mr. Michaels responded that it's the salary increase to keep up with the State mandated minimum wage. Counselor Tatta asked if these were camp positions. Mr. Michaels confirmed that these are for the summer program preschool camps that are run in house at the recreation department as well as the teen travel camp. Counselor Tatta asked about the supplement, the last page in the budget book, number 1D lifeguards, shows an increase of \$14,774 because the pool was extended for two weekends. Mr. Michaels stated that that is for last year, so it must be a typo. Counselor Tatta asked if there is an estimate of savings from cancelling programs due to the pandemic. Mr. Michaels replied that they have an idea, but it's not an exact figure. On March 16th when they officially cancelled the spring session, they changed the hours of the Parks and Recreation, closing for the evening hours. They are still following that model, so they do have savings in the part time office salaries. He expects to have savings due to the previous director's retirement in May, until his appointment in August. Then upon filling the Recreation Program Specialist position, in February, there will be some savings there as far as management salary. Beginning April 6th they readjusted their part time office hours for the daytime staff. He estimates total savings to be between \$120,000 and \$130,000.

Counselor Laffin asked about the money being saved on the lifeguards. That cost will come back next year if the pool project goes well, and will have to be budgeted until the Pool generates enough revenue to cover it. Mr. Michael concurred. He stated that if he put the \$84,500 back into the budget, they would still be turning in a budget at a -2.97%. He also noted with the minimum wage increase over the next couple years we will need to get creative to cover the cost.

Counselor Shortell asked if the new pool would require fewer lifeguards. Mr. Michaels replied that it will but that they would have to also staff the entrance. It could potentially be two lifeguards less than last year. But that will be a wash because of the increase in minimum wage. Counselor Shortell asked if there had been discussions about pricing next year for passes and what's included in the pool pass. Would there be an increase since it's a much nicer park. Mr. Michaels replied that they have tossed around ideas and put out different pricing scenarios. He expects there to be a price increase, but they haven't solidified how they will price passes. Mr. Michaels noted that Parks & Rec is also part of the Life is Good project.

Chairman Cervoni closed the meeting at 8:26pm

Respectfully submitted,
Cheryl-Ann Tubby
Recording Secretary

RECEIVED FOR RECORD 5-12-2020
AT 3:00 AND RECEIVED BY
Barbara Thompson TOWN CLERK